

established by the Virginia Workforce Council, (ii) obstacles to program and resource coordination, and (iii) strategies for facilitating statewide program and resource coordination. This first report is to be done by December 2005.

The General Assembly legislative study mentioned previously will also identify needed changes to the administrative structure governing workforce development and training policy in the Commonwealth and make legislative recommendations for the 2006 Regular Session of the General Assembly

J. Describe how the State will take advantage of the flexibility provisions in WIA for waivers and the option to obtain approval as a workflex State pursuant to § 189(i) and §192.

### Waiver Requests

Under the authority granted at Section 189 of the Workforce Investment Act, Virginia seeks the following waivers with this submission of the WIA State Plan for 2005-2007 to assist in further advancing our workforce development system to be more demand-driven, flexible and responsive to the needs of its users. By incorporating these waiver requests into the State Plan, the opportunity for public review and comment was concurrent with the public comment period for the plan. In addition, all 17 local workforce investment boards, through their staffs, were provided the opportunity to review and offer input into the waiver list being submitted by the State. Unless otherwise noted in the chart below, there are no State or local statutory or regulatory barriers to implementation of these waiver requests.

	<b>Statutory/ Administrative Requirements to be waived</b>	<b>Goals of the waiver and expected outcomes</b>	<b>Individuals impacted by the waiver</b>	<b>Process to use in monitoring progress in implementing the waiver</b>
1	<p>TEGL 7-99, <i>Definition of Credential</i></p> <p>Virginia seeks a waiver of the definition for a credential so that the Governor' Career Readiness Certificate (CRC) and the GED may count as a credential for WIA participants who are not enrolled into a training activity. Virginia requests that the CRC portion of this waiver be retroactive to October 19, 2004, when</p>	<p><u>Career Readiness Certificate (CRC)</u>. The CRC is a portable credential that confirms to employers that an individual possesses basic workplace skills. The Certificate ensures employers that the worker has achieved a competency level in several basic skills areas that nearly all jobs require, including reading for information, applied math, and locating information. All Virginians are eligible to earn a Career</p>	<p>Employers who obtain employees with a GED and/or certified as work-ready in certain key categories common across most situations, WIA participants achieving CRC certification or GED status who obtain employment, and Local Workforce</p>	<p>Information Management Systems and Data sharing between partner agencies within the workforce system will allow Virginia to track the progress achieved through these two waiver components. CRC and GED participant identifier files will be cross matched against WIA registrants</p>

and have significant barriers to employment, and to successfully connect them to education and training opportunities that lead to successful employment. (§112(b)(18)(A).)

The State has developed an inter-agency group with representation from the Virginia Employment Commission, ~~the Job Corps,~~ the Department of Education, the Department of Social Services, the Department of Correctional Education and the Department of Juvenile Justice which mirrors the Federal-level Youth Strategy being employed by the U.S. Departments of Labor, Education and Health and Human Services.

The group's goal is to establish and develop a mechanism and process that will ensure information sharing in a timely manner, cross-staff training, joint informational materials, continuation of building trust and confidence, and providing useful and evidenced-based information to policy makers concerning issues and problems of providing services and training to the neediest youth in Virginia. Achievement of this goal is two-fold. First, the group is currently involved in providing information to each other's system and front-line staff in order to increase interaction and establish relationships that will facilitate enhanced service delivery to all youth in need, regardless of their entry point into the system. Secondly, the group is also developing a comprehensive delivery model that will be shared with policy makers and executive leadership in government and business.

The State is also seeking a waiver that will allow WIA older and out-of-school youth the ability to access training from the State Training Provider List, thereby linking their training opportunities with occupations in demand.

The Virginia Community College System and the Department of Education are also collaborating on certain strategies such as the Career Coach program, where local community college employees are based in local high schools and serve as community college academic and career advisors for high school students. The planned outcomes are to increase high school enrollment in secondary to post secondary pathway programs, increase in number of high school students who graduate from secondary school with community college academic credits, and increase in the number of high school graduates who subsequently enroll in a community college following their high school course of study, where they can access training in demand occupations. Another collaboration between these partner agencies to the benefit of youth is the Bridge Partnership where selected high schools and community colleges work together to enhance the learning path from 10th grade through entry and success in college. As members of the Partnership, high schools and community colleges are dedicated to advancing college preparedness

I. Describe the State's strategies to identify State laws, regulations, policies that impede successful achievement of workforce development goals and strategies to change or modify them. (§112(b)(2).)

These strategies are to be developed by the newly created position of Special Advisor to the Governor for Workforce Development. Independent of any state agency responsible for workforce development programs, this office is required by State Code to report annually to the Governor and to the Virginia Workforce Council on the progress in coordinating workforce resources statewide, including (i) program success rates in relation to performance measures

<p>the CRC was launched by Governor Warner. The GED portion, if approved, would be effective July 1, 2005.</p>	<p>Readiness Certificate by taking basic skills assessment tests administered in a variety of settings - One-Stop Career Development Centers, community colleges, local departments of Social Services, and other appropriate locations. The three assessments are based on Workkeys™ and are given by proctors who have been approved by ACT. There is no profiling involved with the CRC, rather it serves to address a great concern in the private sector about the gap that exists between the skills required in today's workplace and those exhibited by potential and incumbent employees. Businesses have trouble finding and hiring people who have basic employable skills and who are therefore trainable for specific jobs. The Virginia Skills Bank is an on-line resource that allows the economic development and employer community to search a data base of CRC recipients by geographic location, skill levels etc. to have instant information on workforce skill sets in an area being considered for site location, expansion or on-site upgrading. <a href="http://165.176.249.10/cnp/CRCSkillsBank/index.cfm">http://165.176.249.10/cnp/CRCSkillsBank/index.cfm</a></p>	<p>Investment Boards who are able to count the CRC/GED as a credential will all benefit from the waiver. State improvement in WIA measures related to credentials will also increase as more individuals will be able to be counted in the factors without the requirement for training services. In addition, by placing more individuals in employment after intensive services, resources will be available to meet the National goal of increasing funds spent on training by ensuring that those who require the training are served. The CRC is also a demand-driven value embraced by the major segments of the employer community and is currently endorsed by the Virginia</p>	<p>within two weeks of the close of each performance quarter so that CRCs attained by WIA participants can be included in the credential measures.</p>
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		<p>To date, over 5,200 Virginians have received the CRC.</p> <p><u>GED</u></p> <p>The Tests of General Educational Development (GED) are developed by the American Council on Education to enable persons who have not graduated from high school to demonstrate the attainment of abilities normally associated with completion of a high school program of study. The Virginia GED program provides an opportunity to recognize the educational development of individuals as a result of their life and/or employment experiences. Part of Governor Warner's Education for a Lifetime Initiative is to double the number of GEDs earned by Virginia workers by the end of 2005. The economic benefits of getting a GED are indisputable:</p> <ul style="list-style-type: none"> <li>• A Virginia worker with a GED or high school degree makes more than double the income of a worker without a GED or degree - \$22,000/year instead of just \$10,000/year.</li> <li>• More than 700,000 working-age Virginians (18-64) do not have a GED or high school diploma.</li> <li>• In 40 out of the 134</li> </ul>	<p>Chamber of Commerce, the Virginia Manufacturers Association and the Virginia AFL-CIO. The National Association of Manufacturers is also considering endorsement of the CRC as there are approximately 30 other states in some stage of adopting the CRC for use.</p>	
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		<p>localities in Virginia, more than 30 percent of adults do not have a GED or diploma. The overall education level of a workforce is a critical factor in attracting new businesses and jobs.</p> <p>Given the above, there is a clear connection between GED attainment and workforce development in the Commonwealth, with the linkage made by the Governor's initiative. This linkage should be recognized in the form of a credential, to reflect the benefit to the entire workforce investment system, the State's economy and the individuals who receive them.</p>		
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	<b>Statutory/ Administrative Requirements to be waived</b>	<b>Goals of the waiver and expected outcomes</b>	<b>Individuals impacted by the waiver</b>	<b>Process to use in monitoring progress in implementing the waiver</b>
2	<p>WIA Section 133(b)(4) and 20 CFR 667.140, <i>Funds Transfer Authority</i></p> <p>Virginia requests a waiver to eliminate the 20 % limitation on transferring local WIA funds between the Adult and Dislocated worker programs so that 100% of the Adult and Dislocated Worker funding is available to meet the workforce needs of the local areas.</p>	<p>This waiver will allow local boards more flexibility in providing services based upon local need and demand. Program needs change quickly at the local level. Each of Virginia's 17 local areas serves diverse groups of job seekers and businesses, from urban, suburban and rural and often remote perspectives. Changes in regional economies can often place increased demands on dislocated worker funds, and likewise, continued reductions in adult program funding can limit some areas in serving those adults most in need. This waiver will "level" the field and by allowing local boards to design innovative programs and be responsive in a demand-driven environment.</p> <p>Virginia would modify state policy FGM#02-04 which currently governs local fund transfer procedures.</p>	<p>Adults and dislocated workers eligible for the program will be positively impacted by the waiver as local boards can move significant amounts of funding for services that respond to the actual needs in the area.</p>	<p>The Virginia Employment Commission as WIA administrative entity will monitor progress against this waiver both from a programmatic and fiscal perspective. Upon submitting a request to the VEC, LWIBs receiving an approved funds transfer will receive a revised Notice of Obligation from the VEC Finance Division. Subsequent monthly financial reports after the revised NOO will allow the transferred funds to be tracked in the new program. A copy of the revised NOO will be provided to the WIA Division for monitoring purposes. This will allow the VEC to annually review the impact of this waiver provision.</p>

	Statutory/ Administrative Requirements to be waived	Goals of the waiver and expected outcomes	Individuals impacted by the waiver	Process to use in monitoring progress in implementing the waiver
3	<p>WIA Section 134(a)(1)(B) and 20 CFR 665.200-220, <i>Use of local funds for certain Statewide Activities for Adults and Dislocated Workers</i></p> <p>Virginia requests a waiver to allow local boards, upon request and approval by the Governor, to designate up to 25% of their local adult and dislocated worker allocation as local activity funds. This waiver would remove the current provision which only allows Statewide funds to be used for incumbent worker training with customers who do not meet WIA eligibility.</p>	<p>The local activity fund designation would allow local boards to implement innovative incumbent worker training programs consistent with how the State is able to conduct such activities under Section 134 of the WIA and 665.200-220 of the Final Regulations.</p> <p>The goal of this waiver is to allow local boards some flexibility if determined necessary to be more responsive to the needs of the employer community while also allowing employed individuals who may not meet WIA income eligibility requirements to upgrade their skills. While the State does currently fund an incumbent worker training program from the statewide funds, such activities remains a popular choice for the employer community, with the current need outpacing the amount of state funding available for such use. In order to allow local boards the ability to be more demand-driven in their services and strengthening their linkages with the economic development and employer linkages, this waiver is being sought. No other statewide activity</p>	<p>The waiver will immediately and most directly benefit employers, incumbent workers and boards in meeting economic development needs. It also aligns with the Governor's economic development goals of retaining and assisting existing employers or new employers that have specialized training needs in order to remain competitive in a global and ever-changing economy. This waiver would encourage boards to partner with more employers and labor and community organizations to promote universal access for more individuals.</p>	<p>In requesting a local fund designation for incumbent worker training, the local board would have to submit a local plan waiver to the State in addition to the request. The plan amendment would identify the exact percentage to be set aside, up to 25%, or at least \$20,000 for low-funded areas as defined by the state. The amendment will need to describe the services and activities to be funded, a target number of employers and/or employees that will benefit from the funds, how the service aligns with the local plan's strategic goals and ensure that the training is for high demand or high growth occupations.</p> <p>These plan amendments will allow the state to annually review and evaluate the impacts of the waiver.</p>

	<p>Waiver #3 (continued)</p>	<p>allowed under Section 134 of the WIA would be granted to local boards other than incumbent worker training. The current 10% administration limit will remain and performance outcomes will still be required to be met, as these will be local funds and not statewide funds.</p> <p>An expected outcome of the waiver is to make the local boards more know and relevant to the employer and economic development community, expose more individuals to the one stop system where they might not otherwise utilize its services and provide local boards with flexibility while maintaining accountability and fiscal integrity.</p> <p>Virginia would amend its Incumbent and Employed Adult policy provisions accordingly if the waiver is granted.</p>		<p>In combination with Waiver #2 above, the funding flexibility afforded to local boards should provide for adjustments to ensure that all populations benefit from WIA and other partner services. Annual review of funding and populations served may result in the State adjusting local activity funding percentages.</p>
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	<b>Statutory/ Administrative Requirements to be waived</b>	<b>Goals of the waiver and expected outcomes</b>	<b>Individuals impacted by the waiver</b>	<b>Process to use in monitoring progress in implementing the waiver</b>
4	<p>WIA Section 117 and 20 CFR 20 Part 661.315, <i>Local Workforce Investment Board Composition</i></p> <p>Virginia seeks a waiver for the required public sector composition requirements for local workforce board membership so that upon request by a local area, the Governor could modify the membership requirements to remove one stop partner agency representatives provided that a private sector majority is maintained.</p>	<p>Nationally and in Virginia, local boards have struggled to find and maintain private sector membership, particularly in rural areas where options and the numbers of those interested may be limited. In addition, with the public sector membership requirements, board sizes are large, unwieldy and can make it difficult for the boards to remain focused and operate effectively. In Virginia, local board sizes range generally from 30-40 members, while the State Council membership has been reduced under Governor Warner's leadership to 29 members. The flexibility at the state level to maintain required membership and keep a private sector majority is afforded through the Cabinet system, where a single Secretary can represent multiple required partner programs. The local boards do not have the advantage of this flexibility; therefore there is no option to reduce board size. In addition, both the House and Senate versions of WIA reauthorization include a provision to remove one stop partner agencies from local boards, indicating that it is a national issue that both Houses of Congress support.</p>	<p>Chief local elected officials who name board, local boards, and the communities served by them will benefit from the flexibility to request State approval for smaller board membership by removing public sector members.</p>	<p>Local elected officials will be required to submit the request and the request must indicate the locally identified needs and benefits from reducing membership, tying the request to a locally prepared strategic plan. The local boards approved for size reduction will be required to establish a working committee of partner agency representatives that advises the board on program matters. In the first year of granting the composition reduction, the State will monitor the boards at quarterly intervals to ensure that operations are meeting regulatory requirements of the WIA.</p>

	<b>Statutory/ Administrative Requirements to be waived</b>	<b>Goals of the waiver and expected outcomes</b>	<b>Individuals impacted by the waiver</b>	<b>Process to use in monitoring progress in implementing the waiver</b>
5	<p>WIA Section 129(c)(5) and 20 CFR Part 664.220, <i>Income Criterion for Eligible Youth</i></p> <p>Virginia seeks a waiver to allow local areas to increase the percentage of youth who do not meet the income criteria but do meet one of the barrier requirements for youth service from 5% of participants, to 10% of participants, or a maximum of 20 youth.</p>	<p>The current “double” eligibility requirement may currently prevent local boards from serving youth with significant barriers that do not necessarily meet the income requirements, This waiver will broaden the net for youth program services to be available to those in need as locally determined.</p>	<p>Youth in need of services that do not meet income eligibility would benefit, and local boards, youth councils and service providers would benefit from being more flexible in the program structure. 90% of the funding will still be available to serve the youth who do meet the income criteria.</p>	<p>Local board requesting this flexibility will be required to submit a local plan amendment outlining the documented need in the local area to expand upon the income criteria exception, and how it will ensure that those youth who meet the income criteria will continue to receive needed services. The State will annually review those areas where the waiver is applied through use of service level information gathered in the Virginia Workforce Network Information System and monitoring reviews conducted by state monitors.</p>

	Statutory/ Administrative Requirements to be waived	Goals of the waiver and expected outcomes	Individuals impacted by the waiver	Process to use in monitoring progress in implementing the waiver
6	WIA Sections 128(c) and 133(c), and 20 CFR Part 667.160, <i>Allow the State the option of recapturing funds from local areas that have not expended at least 80% of their local funds in the first year to be used for statewide use <u>or</u> reallocated to other eligible local areas, wherein currently recaptured funds from the first year may <u>only</u> be reallocated to other local eligible areas.</i>	At the end of the second quarter of program year 2004, 11 of 17 areas in Virginia had not expended any or very little PY2004 funding. With two year funding cycles, there has been a trend for "old" money to be spent in the year following its availability. By having the option to recapture local funds at the end of the first year, the State will be in a better position to have resources available to respond to national directions, priorities and challenges at the State level. and also advance State priorities that will assist local areas and the entire workforce system. The State will also be better positioned to provide increased linkages with economic development initiatives and may be able to provide localized assistance in service provisions where a local area is currently underserved. State WIA Policy 02-02 would require modification if this waiver is approved.	Local areas with a documented need for and ability to spend additional funds for services needed will benefit and Statewide activities to implement actions identified in this plan will also benefit.	Fiscal information and state and local expenditure rate reports will allow the state to monitor the affects of this waiver if approved and also determine how much funding can be expended by the State for uses determined by the Governor to support identified Federal and State initiatives and how much can be reallocated to other local areas who have met the expenditure requirements of WIA.

	<b>Statutory/ Administrative Requirements to be waived</b>	<b>Goals of the waiver and expected outcomes</b>	<b>Individuals impacted by the waiver</b>	<b>Process to use in monitoring progress in implementing the waiver</b>
7	Sec. 181 (e) of the WIA, Waiver of "economic development" prohibition on use of funds	Allow the Governor the flexibility in supporting statewide efforts to promote workforce and economic development collaboration in system building. This effort will result in sustained relationships for collaboration such as regional workforce & economic development teams to develop strategies & tactics of mutual importance; joint innovative strategies for meeting sectoral and incumbent worker skill needs; and regional (across WIBs) strategies targeted to high-growth industries.	Local areas, local & regional economic departments and local governments who evidence an interest and a need to collaborate with WIBs for lay-off aversion, business retention, expansion and attraction	A Committee of the Virginia Workforce Council (VWC) will monitor progress through specific reporting requirements at regular frequencies. The VWC has a long-term view of this effort and will monitor it closely and provide appropriate incentives for locals in this regard

# 1) Additional Clarification on Waiver Request #6

Waiver Request: WIA Sections 128(c) and 133(c), and 20 CFR Part 667.160, *Allow the State the option of recapturing funds from local areas that have not expended at least 80% of their local funds in the first year to be used for statewide use or reallocated to other eligible local areas, wherein currently recaptured funds from the first year may only be reallocated to other local eligible areas.*

Reiteration: If the waiver is approved, the State would recapture from local areas that have not **expended** at least 80% of their local allocation by the end of the first program year of availability of those funds. Such a policy would be in accordance with existing provisions of the WIA for recapture, except that the waiver would allow the State flexibility to use those recaptured funds for Statewide activities.

Stated Goals in Plan As Submitted: At the end of the second quarter of program year 2004, 11 of 17 areas in Virginia had not expended any or very little PY2004 funding. With two year funding cycles, there has been a trend for "old" money to be spent in the year following its availability. By having the option to recapture local funds at the end of the first year, the State will be in a better position to have resources available to respond to national directions, priorities and challenges at the State level and also advance State priorities that will assist local areas and the entire workforce system. The State will also be better positioned to provide increased linkages with economic development initiatives and may be able to provide localized assistance in service provisions where a local area is currently underserved. State WIA Policy 02-02 would require modification if this waiver is approved.

## Additional clarification:

<i>Possible Activities for Use of Recaptured Funds at State Level</i>	<i>Possible Criteria for Reallocating Recaptured Funds to Other Local Areas</i>
<p>1) The PY05 budget for Virginia's Statewide WIA funds as adopted by the Virginia Workforce Council on June 8, 2005, leaves an available balance of \$610,000 not obligated for identified uses. The Virginia Workforce Council is also working to adopt prioritized goals for the next 18 months, most of which will require some level of funding to implement.</p> <p>In order to address concerns related to a majority of local areas not spending Federal funds in a timely manner, the State policy would allow certain activities to be funded that would assist the entire workforce system, at both the State and local levels. Activities could include:</p> <p>1) Delivery of services to citizens in local areas where sufficient local resources are not available or where additional</p>	<p>The Governor, in consultation with the Virginia Workforce Council, will determine the amount of recaptured funding that is retained at the State level and what amount may be reallocated to other local areas. The following criteria would be used if funds were made available to local areas:</p> <p>1) A local area must have met the 80% expenditure rate for that program year</p> <p>2) In order to tie funding to high performance, a local area must have met and exceeded the same number of performance measures that the State met or exceeded for the same program year.</p> <p>3) A local area must specify in a written request the proposed use for the funds, and the use must be for either the worker pipeline (K-20), workers with challenges, or worker improvement.</p> <p>4) A local area with a combined local formula</p>

<p>assistance is required</p> <ol style="list-style-type: none"> <li>2) Improve service delivery to customers and strengthen the local workforce delivery system through workforce development certifications for one stop staff</li> <li>3) Funding special pilot and/or demonstration projects that benefit hard to serve populations</li> <li>4) In order to drive the system to greater coordination and integration, the Virginia Workforce Council is leading efforts to implement a common performance measurement system across multiple partner agencies. A data warehouse and other IT needs are required for this effort.</li> <li>5) Increased levels of incumbent worker training. One venue could be a flexible "pool" of State funding leveraged among multiple resource inputs that would be available for economic development prospects that require immediate reaction and response.</li> <li>6) Planning across multiple partner agencies to develop a single unified economic development blueprint for the Commonwealth. This could be advanced from the current industry, occupation, and skills cluster analysis of the Commonwealth being prepared to provide a comprehensive profile of (1) existing core industry clusters and their supplier and customer industries and (2) occupations and skills inherent to those industries.</li> </ol> <p>Using the results of the industry, occupation, and skills cluster analysis the Commonwealth can clearly define strategies for linking economic development and workforce development at the state and local levels. Such strategies include recruitment of new industries, retention and expansion of existing industries, and education and training of the workforce.</p>	<p>allocation of less than \$1,000,00 that does not meet item 2 above may seek additional funding if it has met items 1 and 3. Such a request must indicate how the local area is committed to the state strategic direction identified in the State Plan, and also include a corrective action plan to address and improve upon the performance measures that were failed by that local area in that program year.</p>
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## 2) Additional Clarification on Waiver Request #7

Waiver Request: Sec. 181 (e) of the WIA, Waiver of "economic development" prohibition on use of funds

Stated Goals in Plan As Submitted: Allow the Governor the flexibility in supporting statewide efforts to promote workforce and economic development collaboration in system building. This effort will result in sustained relationships for collaboration such as regional workforce & economic development teams to develop strategies & tactics of mutual importance; joint innovative strategies for meeting sectoral and incumbent worker skill needs; and regional (across WIBs) strategies targeted to high-growth industries.

### Additional Clarification:

If approved, this waiver would allow Virginia to pursue certain economic development activities that are not directly related to training for eligible individuals. Through work advanced by the Virginia Workforce Council in its two-year action agenda for advancing workforce and economic development collaboration, the following initial activities at the local level could be supported:

- 1) Providing incentives to assist in establishing regional economic development and workforce development teams to develop strategies and tactics of mutual importance
- 2) Provide incentives for innovative strategies for meeting skill requirements of business (sectoral), career ladder, incumbent worker, use of business intermediaries etc. The State would help in identifying critical skill needs and key players
- 3) Provide incentives to encourage workforce development and economic development and local governments to act across political boundaries to collaborate regionally on an economic and workforce development strategy targeted towards a high-growth industry.

For each item, incentives could be in the form of a combination of funding and other tools such as: training opportunities for workforce & economic development staff in best WD/ED practices & changing the culture of both systems, structured protocols for LWIBs for working with Department of Business Assistance and the Virginia Economic Development Partnership, technical assistance for LWIBs & EDs on successful business services being offered by LWIBs around the country & the means to replicate, brokering & business intermediary strategies for local Chambers & LWIBs, Power of E3 options for select regions, Presentations on the North Carolina Future Forward program and options for replicating parts of that program in Virginia, opportunities for LWIB members/staff to attend state & regional ED conferences & summits and high-level WD & ED state official(s) commitments for joint ventures & associated PR.

This represents an initial listing of activities under consideration in the Commonwealth. If the waiver is approved, Virginia will seek confirmation from the United States Department of Labor, through the Region 2 office, to ensure that future related economic development activities not directly related to training for eligible individuals are consistent with the waiver approval before funds would be expended on economic development activities other than those listed above.